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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

## ANNUAL AUDITED REPORT

FORM X-17A-5

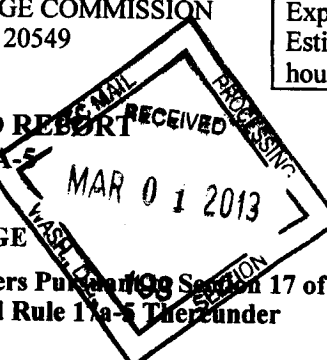
PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

OMB APPROVAL  
OMB Number: 3235-0123  
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8-67750



REPORT FOR THE PERIOD BEGINNING 01/01/12 AND ENDING 12/31/12  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

Lebenthal &amp; Co., LLC

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM ID. NO.

521 Fifth Avenue, 15<sup>th</sup> Floor  
(No. and Street)

New York NY 10175  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Michael Stupay (212) 509-7800  
(Area Code - Telephone No.)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Fulvio & Associates, L.L.P.

(Name - if individual, state last, first, middle name)

5 West 37<sup>th</sup> Street New York NY 10018  
(Address) (City) (State) (Zip Code)

## CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2). SEC 1410 (3-91)

BY  
3/12

# **Lebenthal & Co., LLC**

(A wholly owned subsidiary of Lebenthal Holdings, LLC)

**Statement of Financial Condition**

**Pursuant to Rule 17a-5 under the**

**Securities Exchange Act of 1934**

**December 31, 2012**

## **Lebenthal & Co., LLC**

**(A wholly owned subsidiary of Lebenthal Holdings, LLC)**

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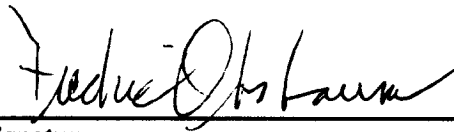
**This report \*\* contains (check all applicable boxes):**

- ☒ Independent Auditor's Report.
- ☒ Facing Page.
- ☒ Statement of Financial Condition.
- ☐ Statement of Income.
- ☐ Statement of Changes in Member's Equity.
- ☐ Statement of Cash Flows.
- ☐ Statement of Changes in Liabilities Subordinated to Claims of General Creditors (not applicable).
- ☐ Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission.
- ☐ Computation for Determination of Reserve Requirements for Brokers and Dealers  
Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.
- ☐ Information Relating to the Possession or Control Requirements for Brokers and  
Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 (not applicable).
- ☐ A Reconciliation, including appropriate explanations, of the Computation of Net Capital  
Pursuant to Rule 15c3-1 (included above) and the Computation for  
Determination of Reserve Requirements Under Rule 15c3-3 (included above).
- ☐ A Reconciliation Between the Audited and Unaudited Statements of Financial  
Condition With Respect to Methods of Consolidation (not applicable).
- ☒ An Affirmation.
- ☐ A copy of the SIPC Supplemental Report.
- ☐ A report describing any material inadequacies found to exist or found to have existed since  
the date of the previous audit (Supplemental Report on Internal Control).

**\*\* For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

**AFFIRMATION**

I, Fredric Obsbaum, affirm that, to the best of my knowledge and belief, the accompanying statement of financial condition pertaining to Lebenthal & Co., LLC at December 31, 2012, is true and correct. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.



Signature

CFO and Financial and Operations Principal  
Title

Subscribed and sworn  
to before me



**CARL GOODMAN**  
Notary Public, State of New York  
No. 01G00821038  
Qualified in Rockland County  
Commission Expires March 30, 2014

**Lebenthal & Co., LLC**  
**(A wholly owned subsidiary of Lebenthal Holdings, LLC)**  
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**December 31, 2012**

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# FULVIO & ASSOCIATES, L.L.P.

*Certified Public Accountants*

JOHN FULVIO, CPA  
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## INDEPENDENT AUDITOR'S REPORT

To the Member of Lebenthal & Co., LLC:

### *Report on the Financial Statement*

We have audited the accompanying statement of financial condition of Lebenthal & Co., LLC (the "Company") as of December 31, 2012 that is filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statement.

### *Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of this financial statement that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether this financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in this financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of this financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of this financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of this financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Lebenthal & Co., LLC as of December 31, 2012 in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Julie E. Associates LLP". The signature is fluid and cursive, with the "LLP" part being more distinct and written in a slightly different style than the rest of the name.

New York, New York  
February 28, 2013

**Lebenthal & Co., LLC****(A wholly owned subsidiary of Lebenthal Holdings, LLC)****Statement of Financial Condition****December 31, 2012**

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**ASSETS**

Cash	\$ 953,675
Due from broker	26,339
Securities owned, at fair value	15,884,130
Due from related parties	6,185,575
Accounts receivable	1,696,802
Accrued bond interest receivable	208,676
Prepaid assets	99,048
<b>TOTAL ASSETS</b>	<b>\$ 25,054,245</b>

**LIABILITIES & MEMBER'S EQUITY****Liabilities:**

Due to clearing broker	\$ 14,065,957
Accrued expenses and other liabilities	120,334

<b>TOTAL LIABILITIES</b>	<b>14,186,291</b>
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<b>Member's equity</b>	<b>10,867,954</b>
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<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b>\$ 25,054,245</b>
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The accompanying notes are an integral part of this financial statement.



# **Lebenthal & Co., LLC**

(A wholly owned subsidiary of Lebenthal Holdings, LLC)

## **Notes to Financial Statement**

**December 31, 2012**

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### **1. Organization and Business**

Lebenthal & Co., LLC (the "Company"), a wholly owned subsidiary of Lebenthal Holdings, LLC (the "Parent"), is a limited liability company and was formed under the laws of the state of Delaware. The Company is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and a member of the Financial Industry Regulatory Authority.

The Company acts as an introducing broker and is exempt from SEC Rule 15c3-3 under paragraph k(2)(ii).

### **2. Summary of Significant Accounting Policies**

#### **Basis of Presentation**

These financial statements were prepared in conformity with accounting principles generally accepted in the United States of America which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

#### **Cash**

All cash deposits are held by one financial institution and therefore are subject to the credit risk at that financial institution. The Company has not experienced any losses in such accounts and does not believe there to be any significant credit risk with respect to these deposits.

#### **Investment Valuation**

The Company utilizes various methods to measure the fair value of most of its investments on a recurring basis. US GAAP establishes a hierarchy that prioritizes inputs to valuation methods. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. The three levels of inputs are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 - Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 - Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Company's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to

**Lebenthal & Co., LLC**  
(A wholly owned subsidiary of Lebenthal Holdings, LLC)

**Notes to Financial Statement**  
**December 31, 2012**

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the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Investments in securities listed on a national exchange are valued at the last reported sales price on the day of valuation. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are stated at the last quoted bid price. Other assets and securities for which market quotations are not readily available are valued at fair value as determined by management in accordance with US GAAP. The resulting unrealized gains and losses are reflected in the statement of income. Realized gains and losses from securities transactions are determined on the basis of identified cost.

**Income Taxes**

The Company is a single member limited liability company, and is treated as a disregarded entity for federal income tax reporting purposes. The Internal Revenue Code ("IRC") provides that any income or loss is passed through to the ultimate beneficial individual member for federal, state and certain local income taxes.

At December 31, 2012, management has determined that the Company had no uncertain tax positions that would require financial statement recognition. This determination will be subject to ongoing reevaluation as facts and circumstances may require.

**3. Securities owned, at fair value**

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis at December 21, 2012:

	Level 1	Level 3	Total
Assets			
Securities owned, at fair value			
Municipal bonds	\$15,749,130	\$ -	\$15,749,130
Convertible promissory note	-	135,000	135,000
Total	<u>\$15,749,130</u>	<u>\$135,000</u>	<u>\$15,884,130</u>

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3) during the year ended December 31, 2012:

**Lebenthal & Co., LLC**  
(A wholly owned subsidiary of Lebenthal Holdings, LLC)

**Notes to Financial Statement**  
**December 31, 2012**

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	<u>Beginning Balance</u>	<u>Purchases</u>	<u>Ending Balance</u>
Assets			
Investments in non marketable securities, at fair value	<u>\$ 50,000</u>	<u>\$ 85,000</u>	<u>\$ 135,000</u>

**4. Transactions with related parties**

The Company maintains an administrative services agreement with its Parent whereby the Parent is to provide accounting, administrative, office space, human resources and other services. The aggregate amount of contributed services during 2012 was \$372,000. As of December 31, 2012, the Company has a receivable of \$6,166,522 from the Parent representing advances to the Parent reduced by expenses paid by the Parent on behalf of the Company.

The terms of this arrangement may not be the same as those that would otherwise exist or result from agreements and transactions among unrelated parties.

As of December 31, 2012, the Company had a receivable of \$19,053 from another related party.

**5. Concentrations**

In the normal course of its business, the Company enters into financial transactions where the risk of potential loss due to changes in the market (market risk) or failures of the other parties to the transaction to perform (counterparty risk) exceeds the amounts recorded for the transaction.

The Company's policy is to continuously monitor its exposure to the market and counterparty risk through the use of a variety of financial, position and credit exposure reporting and control procedures. In addition, the Company has a policy of reviewing the credit standing of each broker dealer, clearing organization and/or other counterparty with which it conducts business.

**6. Regulatory Requirements**

The Company is subject to SEC Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934, which requires the maintenance of minimum net capital as defined. The Company has elected to use the alternative method of computing its net capital. At December 31, 2012, the Company had net capital of \$1,596,174 which was \$1,346,174 in excess of its required capital of \$250,000.

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 as the Company does not hold customers' cash or securities.